

GENERAL TERMS AND CONDITIONS

34. OPERATIONAL FLOW ORDERS

34.1 General. For purposes of this Section 34, the term "Shipper" shall also include any customer receiving service under any Rate Schedule contained in this Tariff. Transporter, in its discretion, shall have the right to issue OFOs when in its judgment it is necessary to maintain or restore the operational integrity of Transporter's system. Transporter will not be required to issue an OFO:

- (a) to deliver Gas to any Shipper that has not tendered Equivalent Quantities of Gas to Transporter's system; or
- (b) to any other pipeline in order to obtain access to quantities of Gas, except to the extent that such quantities of Gas are being transported by such pipeline for the account of a Shipper or Transporter; or
- (c) to be a supplier of last resort for any Shipper that has insufficient Gas supply.

Transporter shall not be required to respond to any OFO that it receives from another interstate pipeline that is not currently providing equivalent quantities and pressures of Gas to Transporter, unless Transporter is a shipper on that pipeline.

34.2 Forms of OFOs. An OFO may:

- (a) direct any Shipper to increase quantities tendered or taken, or increase pressures at a Receipt Point, in accordance with Section 34.4 of the General Terms and Conditions of this Tariff; or
- (b) utilize such services as may be available under an OFO performance contract in accordance with Sections 34.5 and 34.6 of the General Terms and Conditions of this Tariff; or
- (c) implement verbal arrangements with other transporters; or
- (d) enable Transporter to take or require any other actions as may be deemed necessary by Transporter in its judgment in order to maintain the operational integrity of Transporter's Pipeline System.

34.3 OFO Operational Conditions. OFOs may be issued in any of the following circumstances:

- (a) to alleviate conditions that threaten the operational integrity of Transporter's Pipeline System; or
- (b) to maintain minimum necessary pressures for pipeline operations; or
- (c) to ensure adequate Gas supplies in Transporter's system to inject Gas into the mainline or to provide line pack; or
- (d) to maintain Transporter's system in balance for the foregoing purposes.

The OFO will remain in effect until the operational condition requiring its issuance has been remedied.

34.4 OFOs to Increase Quantities.

- (a) Transporter may issue an effective OFO to any Shipper under Rate Schedules FT or IT to increase quantities tendered to Transporter at Shipper's Primary Receipt Point, up to the Shipper's Primary Receipt Point MDQ. Shipper will be required to comply with such OFO within twenty-four (24) hours prior notice.
- (b) Transporter shall develop a rotating schedule of Shippers at major Receipt Points to establish the priority of the Shipper that will receive an OFO in the event Transporter requires additional supplies. For the purpose of this Section 34.4(b), a major Receipt Point shall exist where the sum of Primary Receipt Point MDQs for all of Transporter's firm Rate Schedules is greater

than one hundred (100) MDth per day.

- 34.5 OFO Supply Contracts. Transporter may enter into a supply contract, on such terms and conditions as it may deem appropriate, with any supplier of Gas, which supply contract will authorize Transporter to purchase supplies pursuant to an OFO.
- 34.6 OFO Performance Contracts. Transporter may enter into performance contracts, on such terms and conditions as it may deem appropriate, with Shippers that are either end users, local distribution companies, or any other parties receiving firm deliveries from Transporter, which performance contracts will authorize Transporter to interrupt deliveries to Shipper while maintaining its receipts to Transporter, which interrupted quantities will be purchased by Transporter under the provisions of such performance contracts.
- 34.7 OFO Notice, Contents and Procedures. Transporter shall issue an OFO as expeditiously as is reasonably practicable in the circumstances, utilizing Electronic Communication. Each OFO will contain the following provisions:
- (a) time and date of issuance;
  - (b) time that the OFO is considered to be effective (if no time is specified, the OFO shall be effective immediately);
  - (c) duration of the OFO (if none is specified, the OFO will be effective until further notice);
  - (d) the party or parties receiving the OFO;
  - (e) the quantity of Gas required to remedy the operational condition requiring the issuance of the OFO; and
  - (f) any other terms Transporter may reasonably require to ensure the effectiveness of the OFO.
- 34.8 Failure to Comply with OFO. If Shipper (or Shipper's Gas seller, supplier, Agent, or the producer and/or operator as the circumstances may require) fails to comply with the terms of an OFO, for any reason other than force majeure on an upstream pipeline, such Shipper shall be: (a) liable for any damages including, but not limited to direct, consequential, exemplary or punitive damages incurred by Transporter or any other affected party as a result of such failure; and (b) subject to a penalty of twenty-five dollars (\$25.00) for each MMBtu of Gas associated with the quantity of Gas that does not comply with such OFO. Notwithstanding anything to the contrary in this Section 34.8, if Shipper is required to make a nomination pursuant to an OFO, unless critical circumstances dictate otherwise, no damages and/or penalties will be assessed unless Shipper is given the opportunity to correct the circumstances giving rise to the OFO.
- 34.9 Reimbursement. If Transporter receives Gas pursuant to an OFO issued under Section 34.4 of the General Terms and Conditions of this Tariff, then Transporter shall pay the full commodity rate applicable to the primary Gas purchaser, whether higher or lower than Transporter's Cashout price. If Transporter receives Gas pursuant to an OFO issued under Sections 34.5 and 34.6 of the General Terms and Conditions of this Tariff, Transporter shall pay the recipient of the OFO for such quantity of Gas at the applicable contract price.
- Notwithstanding the foregoing, any party supplying Gas to Transporter under Sections 34.4, 34.5, and 34.6 of the General Terms and Conditions of this Tariff shall have the right to receive such imbalance in kind, delivered to such recipient by no later than the Month subsequent to the Month in which the OFO was issued.
- 34.10 Transporter Cost Recovery for OFO. Transporter shall direct bill pipeline transmission charges incurred as a result of an OFO to all firm Shippers on a system-wide basis.
- 34.11 Transporter Liability for OFOs. Transporter shall not be liable to any person for any costs, damages or other liability associated with the issuance of, or the failure to issue, any OFOs, other than such costs to be paid by Transporter according to Section 34.9 of the General Terms and Conditions of this Tariff; provided, however, Transporter shall be liable for acts of negligence or undue discrimination, such standards to be judged in light of the emergency conditions

under which OFOs are issued.

- 34.12 Transporter's Scheduling Authority. Transporter shall have the right to act as a scheduling agent for a Shipper's account if (a) the Shipper refuses to schedule Gas receipts as specified by an OFO issued pursuant to Section 34.4(a) of the General Terms and Conditions of this Tariff; or (b) if Transporter requires additional quantities in less than the twenty-four (24) hour notice period normally required for an OFO, and the Shipper has refused a verbal request to schedule the required quantity of Gas.